

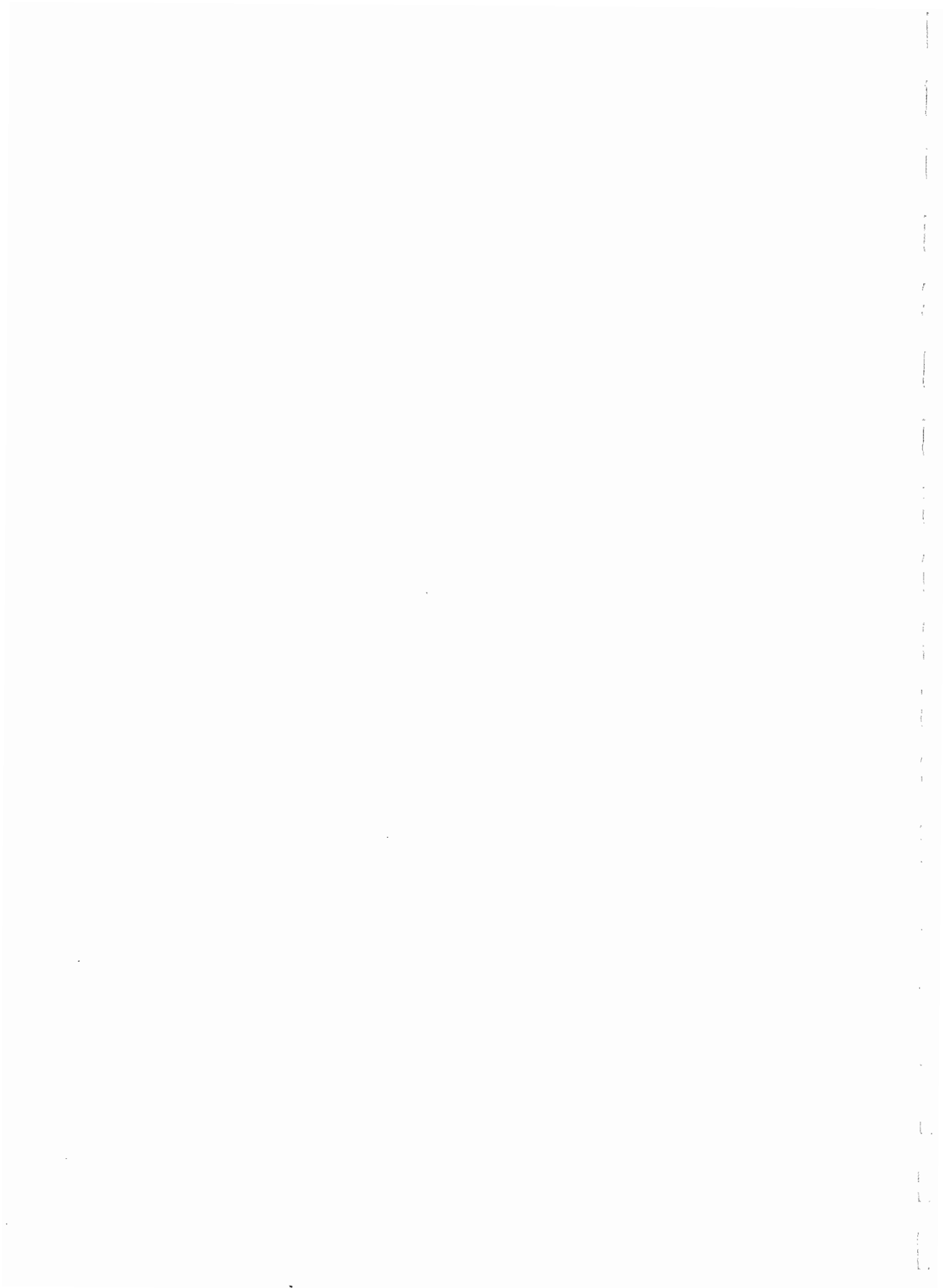
**Administration and Management
of Local Streets and Roads
(1990 Update)**

**Chapter 8
Road Revenues**

HERPICC
H-90-2



**HIGHWAY EXTENSION AND RESEARCH PROJECT
• INDIANA COUNTIES AND CITIES •**



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CHAPTER



ROAD REVENUES

Administration and Management of Local Streets and Roads (1989 Update)

INTRODUCTION

Funding support provides the capability for local governments to administer and manage roads and streets. Since this is the age of limited financial resources, the apportionment of these funds for local roads and streets is a more difficult task than the creation of the funding sources themselves. This tough subject is constantly before the local road and street official and is a subject of concern and discussion. The federal support provided to local governments carries with it special requirements that must be met before these funds can be received and used. Questions concerning the funding system and its administration and management are also ever-present. How does the local government apply for funds? What special requirements must be met and how are the funds provided to the local governments? Who monitors and audits the system to ensure that funds are used properly? These and a number of related questions will be covered in this chapter.

THE FEDERAL-AID HIGHWAY PROGRAM

Until the early twentieth century, funds and support for highways had been mostly a local matter. The agitation for improved roads often known as the "better roads movement" generated energetic support inducing Congress to enact a number of highway aid laws that culminated in the passage of the Federal-Aid Road Act of 1916 and the Federal Highway Act of 1921. The federal-state cooperative relationship was defined by the 1916 act and made permanent by the 1921 act. The State's role was to select, plan, design and construct highway improvements while the Federal role was to review and approve work done with the assistance of federal funds. This relationship remains intact today. (*America on the Move*. FHWA, 1984. p. 3).

The Federal-Aid Highway Program operates on the principle of a joint highway improvement venture, with state matching based on formulas prescribed by law. The federal-aid funds can be used for preliminary engineering, right-of-way acquisition, construction and engineering. The Federal Highway Administration is entrusted with the execution of the Federal-Aid Highway program, and distributes Federal funds to the states upon their request and after fulfillment of certain statutory and engineering requirements.

A review of federal-aid programs will increase the store of knowledge available for local officials. At the Federal level most of these programs are found in Title 23 of the United States Code. Title 23 of the U.S. Code is the codification of the Federal-aid Highway legislation. It is changed every four years as a result of the quadrennial congressional highway bill. The quadrennial legislation usually contains provisions for the following:

- authority to begin new programs or revise existing ones;
- special programs; and
- specific funding (authorizations) for the categories of highway assistance.

The Federal Government usually does not pay the entire cost of construction of Federal-aid Highways. Instead, federal funds are matched with state and/or local government funds in completing the project. The federal share is specified in the authorizing legislation. Projects are normally funded seventy-five percent (75%) Federal and twenty-five percent (25%) state. However, the Interstate System and Safety Construction Projects are normally funded ninety percent (90%) Federal and ten percent (10%) state, and bridge projects are usually funded at a ratio of eighty percent (80%) Federal and twenty percent (20%) state.

Federal legislation requires that the state set aside a certain sum of money (earmark) for special uses. One and one-half percent (1.5%) of the sums apportioned for each fiscal year can be used only for highway planning and research activities. These activities are to be state-sponsored research and planning activities. Indiana also has the option of requiring the earmarking of funds. For example Indiana can require that one-half percent (.5%) of certain apportionments be earmarked for use at the state's discretion for educating and training state and local highway department employees.

The Federal-aid Highway Act of 1956 and the Highway Revenue Act of 1956 increased authorizations for primary and secondary systems and established the Highway Trust Fund. Today, the Highway Trust Fund is used to support the Federal-aid Highway Program, and is financed by a four cent (\$.04) per gallon federal gasoline tax, a fifteen cent (\$.15) per gallon federal diesel fuel tax, and other excise taxes. Indiana is apportioned funds by program categories that can be used only for projects to improve the highway system under that specific category. The following is an explanation of types of funds available under the Federal-Aid Highway Act (and apportioned from the Highway Trust Fund).

Urban Funds

Urban funds provide federal-aid sources to any city or town with a population over five thousand (5,000), for use on all urban system routes including city streets and state highways within an urbanized area. A street or state highway must be classified as an urban arterial or collector to qualify for urban funds. This includes all city streets (except "local streets") and all state highways not classified as Interstate or Primary Routes.

Urban funds are apportioned by one of two methods. Attributable funds are apportioned to cities and urbanized areas of over two-hundred thousand (200,000) population, after a Transportation Improvement Program has been developed. Non-attributable funds are apportioned to cities and towns with a population between five thousand and two-hundred thousand (5,000-200,000). If a city or town has a population of less than fifty thousand (50,000), a Transportation Improvement Program is not required as a qualifier.

Urban funds can be used for projects on streets, bridges, railroad crossings, street signs, pavement striping, lighting, channelization and traffic signals. The federal share for these funds is 75 percent (75%).

Rural Secondary Funds

Federal-aid Rural Secondary Funds are available for use on all rural secondary systems of the state and the counties. To qualify, a state highway or county road must be classified as a major collector, which is defined as a highway that:

- A) provides service to county seats not on an arterial route;
- B) provides service to larger towns and other traffic generators;
- C) links traffic generators with nearby cities; and
- D) serves important intra-county travel corridors.

Indiana currently allocates one-half (1/2) of the funds to the state and one-half (1/2) to the counties. The counties' share is allocated based on the following formula:

- one-third (1/3) of the money is based on the ratio of each county's area compared to the rest of the state;
- one-third (1/3) of the money is based on the rural population of each county compared to the total rural population of the state; and
- one-third (1/3) of the money is based on the local Federal-aid Secondary mileage of each county compared to the total Federal-Aid Secondary mileage in the state.

Rural Secondary Funds can be used for projects on streets, bridges, railroad crossings, street signs, pavement striping, channelization, and traffic signals. Again, the federal share is seventy-five percent (75%).

Bridge Replacement Funds

Federal funding for Bridge Replacement is available for bridge projects involving the replacement or rehabilitation of bridges on any state highway, county road, or city or town street. To qualify, a bridge must have a sufficiency rating of less than fifty (50) for replacement, and a sufficiency rating of less than eighty (80) for rehabilitation.

Funds from the federal government are apportioned to Indiana on the basis of square footage of deficient bridges and unit price of Indiana bridges compared to the total deficient bridges in the United States. Indiana portions are distributed fifty percent (50%) to the state and fifty percent (50%) to the counties. The federal matching share is 80% of the project costs.

Rail Highway Protection and Rail Highway Crossing Funds

The money allocated from these funds are apportioned to Indiana for the installation and upgrading of rail-highway protection warning devices and upgrading rail-highway crossing surfaces. One third (1/3) of the money is distributed to the Indiana Department of Transportation, and two-thirds (2/3) to local public agencies.

These funds are used for construction or reconstruction of minimal roadway approaches to railroad crossings, construction and reconstruction of railroad crossing surfaces, and the installation of railroad crossing signals or gates. However, the funds from this program may not be used for the railroad advance warning signs or pavement markings that are required by Indiana state law. The federal share is ninety percent (90%).

Hazard Elimination Funds

Funds from this program are to be used on the Federal-Aid Highway System and off-system highways (the majority of these highways are under the jurisdiction of local public agencies). These funds are apportioned to INDOT and the Local Public Agencies on a seventy percent (70%) to thirty percent (30%) ratio. The funds are used for the correction and improvement of deficient characteristics at narrow bridges, on sharp curves, or at intersections with poor visibility (sight distance) or turning movements. The federal matching share is ninety percent (90%).

Railroad Relocation Funds

The Federal Government funds ninety-five percent (95%) for projects involving the relocation of railroad within large cities. Funds are allocated for specific projects only.

Emergency Relief Funds

Emergency Relief Funds are available to replace, reconstruct, or repair a roadway system damaged by a natural disaster. To qualify, a large area must be declared by the Governor as a disaster area. Disasters include floods, tornados, earthquakes, or blizzards. Funding varies, but can reach one hundred percent (100%) of the cost of repair, replacement or reconstruction. Normally each state is restricted to receiving a maximum of \$30 million per year. The federal share of these projects is 100 percent (100%).

Other Federal Programs

The Department of Defense, through the Army Corps of Engineers, offers specialized services to states and their political subdivisions or to other local agencies. Included are design and construction projects to protect highways, highway bridges, and essential public works endangered by floods and flood generated erosion. The 1986 water resources law contained a provision which will now require local governments to share costs and consequently have a greater voice in determining the size and shape of corps projects.

Table 1: FUNDS AVAILABLE TO LOCAL GOVERNMENTS FROM FHWA

FundType	FHWA Portion
Urban Funds	75%
Rural Secondary Funds	75%
Bridge Replacement Funds	80%
Rail/Highway Protection Funds	90%
Rail/Highway Crossings Funds	90%
Hazard Elimination Funds	90%
Railroad Relocation Funds	95%
Emergency Relief Funds	100%

STATE FUNDING SUPPORT

Local governments in Indiana are faced with the problem of increased financing of road and street construction and maintenance within an environment of reduced federal support. The state of Indiana continues to be the primary source of intergovernmental aid to local governments. Financial assistance to local governments for road and street work is provided by and coordinated through the Indiana Department of Transportation.

The revenue for the road and street assistance programs is generated from several sources, including the gasoline tax, motor vehicle registration fees and driver's license fees. This money is then divided into two funds. 75% of the revenues is placed in the Motor Vehicle Highway Account (MVHA), and 25% goes into the Special Highway User Account (*Indiana Elected Municipal Officials' Handbook*).

The Auditor of State administers these accounts and makes allocations from them to the various local governments around the state. Because of the numerous local agencies who are vying for this assistance and the complexities involved, the General Assembly decided to use formulas for making allocations to counties, cities and towns. These formulas are based on population, motor vehicle registrations, and road mileage.

Motor Vehicle Highway Account (IC 8-14-1)

The Motor Vehicle Highway Account is a part of the general fund of the state and includes the revenue collected from motor vehicle registration fees, driver's and chauffeur's license fees, gasoline taxes, excise taxes and all other similar special taxes.

The money in the Motor Vehicle Highway Account is budgeted for programs of traffic safety, construction, reconstruction, improvement and maintenance. MVHA funds may not be used for any toll road or toll bridge project. A distribution is made between the Indiana Department of Transportation and subordinate political subdivisions having jurisdiction over highways of the state. The funds allocated to the counties, cities and towns are budgeted as provided for by law, and the county budgets are referred to the respective County Councils for approval or revision.

Not all funds in the MVHA are allocated for road and street work. Certain extraneous expenses are paid out of the account before distribution to the local agencies. The State Police Force receives half of its funding from the MVHA. The Bureau of Motor Vehicles also receives MVHA funds as compensation for administering the registration and fees program (*Indiana Elected Municipal Officials' Handbook*).

After the extraneous expenses are deducted, The Motor Vehicle Highway Account funds are distributed as follows:

- Fifty-three percent (53%) is credited to the state highway fund for use by the Department of Transportation.
- Thirty-two percent (32%) is allocated to the counties as follows:
 - Five percent (5%) of the amount is divided equally among the 92 counties,
 - Sixty-five percent (65%) is based upon the ratio of actual county road miles traveled and used in the county compared to the total mileage of county roads in the state.
 - Thirty percent (30%) is divided on the basis of the ratio of motor vehicle registrations of each county compared to the state's total number of registered motor vehicles.
- Fifteen percent (15%) is allocated to the cities and towns based solely upon the ratio of their population to the total population of the state's cities and towns.

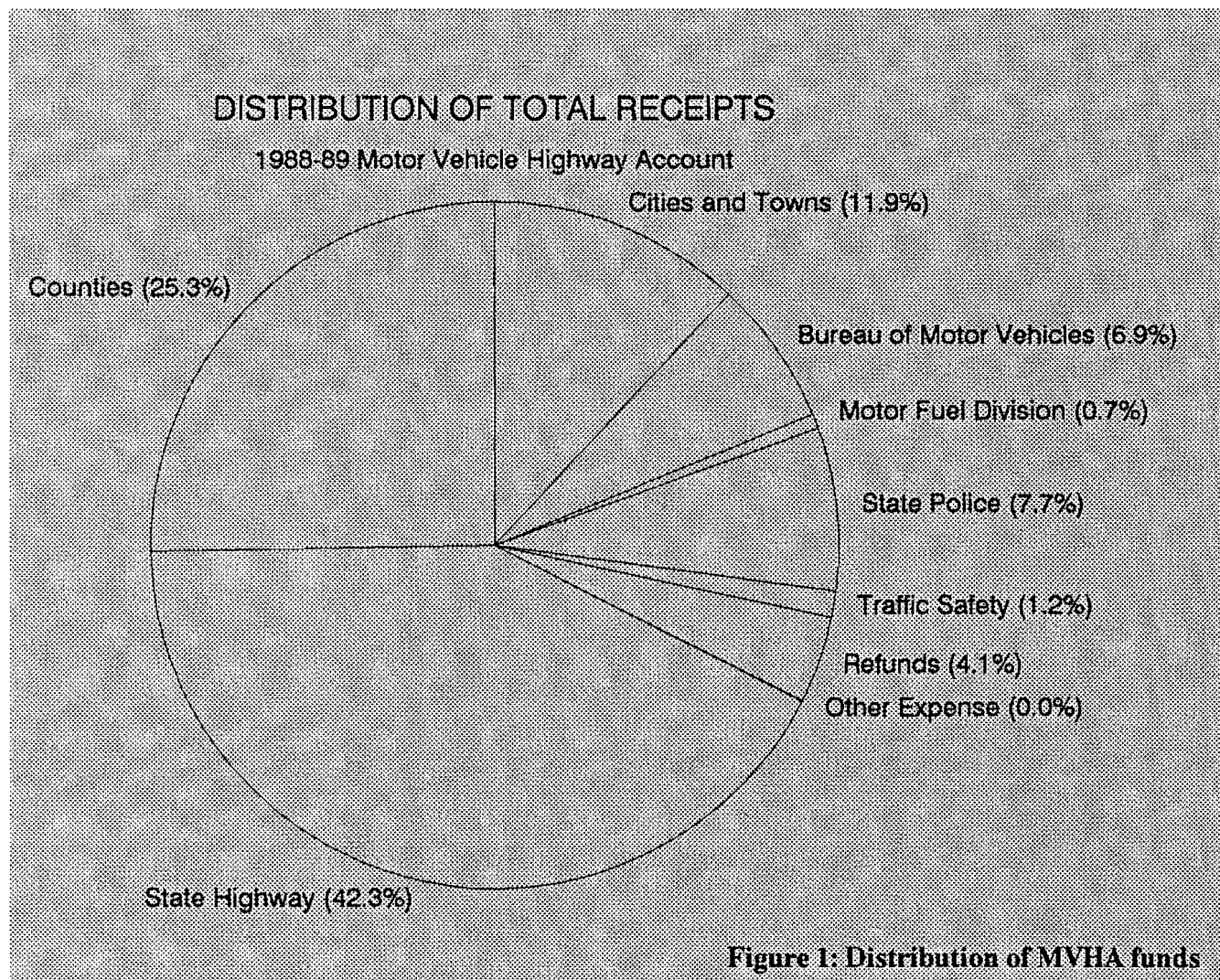
The Motor Vehicle Highway Account distribution to a county constitutes a special road fund to be used under the supervision and direction of the Board of County Commissioners. This money must be budgeted annually and approved by the County Council. The money can be used for construction, reconstruction and maintenance of highways. Furthermore, MVHA funds can be used for the purchase, rental and repair of highway equipment, painting of bridges, acquisition of grounds for storage buildings, acquisition of rights-of-way and the purchase of fuel oil and supplies necessary to the performance of construction, reconstruction and maintenance of highways. If a surplus remains at the end of the year, it continues as part of the county's highway fund and is rebudgeted (IC 8-14-1-4).

In September of each year an additional distribution is made to each county that contains a covered bridge on the county's road system, for the sole purpose of maintaining those covered bridges. The amount of the disbursement is equal to \$750 per covered bridge in the county (IC 8-14-1-10).

The allocation of MVHA funds to cities and towns is made annually and is to be used for construction, reconstruction, repair, maintenance, oiling, sprinkling and cleaning of highways, snow removal, weed and tree cutting and the city or town's share of the cost of grade separation of public highway/railroad crossings. In addition, the money can be used for the purchase, erection, operation and maintenance of traffic signs, signals and safety zone devices and the painting of highway structures, objects and surfaces for the purpose of safety and traffic regulation. The money can also be spent by cities and towns for law enforcement purposes if no more than fifteen percent (15%) is used for that purpose by a city or town with a population less than five thousand (5,000), or ten percent (10%) by a city or town with a population that is over five thousand (5,000).

If any MVHA funds are used for purposes other than those for which they were allocated, the local official responsible is liable in the amount that was used plus additional costs of attorney fees.

A portion of the 47% of the MVHA allocated to the local governments (counties, cities and towns) may be appropriated to the Department of Transportation to pay costs incurred in providing services to these political subdivisions. Additional funds from the local governments' share and the distressed road fund may also be appropriated to the department for the purpose of maintaining working balances in accounts established to facilitate matching of federal and local money, such as the local agency revolving fund (IC 8-1-14-11) established by P.L. 116-1989. The entire 1987-88 MVHA distribution, including extraneous expenses, is shown in figure 1.



Special Highway User Account (IC 8-14-2)

This fund is maintained through the revenues from the gasoline and special fuel taxes, and vehicle registration and drivers' license fees. Fifty-five percent (55%) of the money is deposited into the Primary Highway Special Account (PHSA) to be used by the Department of Transportation, and forty-five percent (45%) is deposited into the Local Road and Street Account (LR&SA) to be allocated to and used by local governments.

Local Road and Street Account (IC 8-14-2)

The forty-five percent (45%) of the Special Highway User Account deposited into the Local Road and Street Account is distributed monthly to units of local governments. The Auditor of the state allocates money from this account on the basis of the ratio of each county's passenger car registrations compared to the entire state's registration. The Auditor further determines suballocations between the county and the cities within the county as follows:

in counties with a population of over fifty thousand (50,000), sixty percent (60%) of the money is distributed on the basis of population and forty percent (40%) is distributed on the basis of the ratio of city and town street mileage to county road mileage; and

in counties with a population of fifty thousand (50,000) or less, twenty percent (20%) of the money is distributed on the basis of population, and eighty percent (80%) is distributed on the basis of the ratio of city and town street mileage to county road mileage.

The funds allocated from the LR&SA can be used by local governments for many of the purposes associated with the MVHA, except that these funds cannot be used for administrative salaries, expenses or equipment purchases. The money may be used by counties, cities and towns for engineering, land acquisition, construction, resurfacing, maintenance, restoration, and rehabilitation of both local and arterial road and street systems. The funds may also be used for the payment of principal and interest on bonds sold primarily to finance road, street or thoroughfare projects. If a county, city or town undertakes a recreational or reservoir road project, funds from this account can be used for that project as well.

An overview of the distribution and allocation of the two state assistance accounts detailed above (the MVHA and the LR&SA) is shown in figure 8-2 of the original volume I.

Shortage of Money in the Motor Vehicle Highway Account

In the event that the amount of money remaining in this account after deductions, refunds, and payments is less than twenty-two million six hundred and fifty thousand dollars (\$22,650,000) in any fiscal year, the amount set aside in the next calendar year for distribution to the counties is reduced by fifty-four percent (54%) of the deficit, and the amount set aside for cities and towns is reduced by thirteen percent (13%) of the deficit. The reduced distributions begin with the January 1 distribution of each year.

Mandatory Transfer of Funds

A written agreement between the Indiana Department of Transportation and a county, city or town may provide for a mandatory transfer of funds by the Auditor of the state if one of the parties becomes more than sixty (60) days late in making a payment required in an agreement. To obtain a mandatory transfer, the party to whom the funds were to be paid under terms of the written agreement must certify in writing to the Auditor:

- 1) that a written agreement between the parties authorizes the mandatory transfer of funds;
- 2) that the owing party was notified in writing of the amount owed;
- 3) that the payment is more than sixty (60) days past due;
- 4) the name of the parties; and
- 5) the amount of the payment due.

Upon receipt of the certificate, the Auditor is to notify the delinquent party of the claim, and if proof of payment is not furnished within thirty (30) days, a transfer of money from the delinquent party's allocation from the Motor Vehicle Highway Account will be made to the other party. Transfers are made until the unpaid amount is paid in full.

Distressed Road Fund (IC 8-14-8)

The Indiana Department of Transportation administers the Distressed Road Fund, which is a nonbudgetary, nonreverting fund that provides assistance to counties, cities and towns that have serious road and street deficiencies. The main purpose of the fund is to enhance public safety and to ensure the free flow of commerce. Money from a loan under the Distressed Road Fund can be used only for the purpose of matching federal highway funds.

A qualified county is one which has adopted the County Motor Vehicle Excise Surtax and the County Wheel Tax, has not issued bonds for the benefit of the local county road and bridge district, and meets the population requirements outlined in IC 8-14-8-3. (Note: According to the 1980 census, only Crawford, Daviess, Dubois, Gibson, Marshall, Perry, Pike Posey, Spencer, and Warrick counties meet these requirements.)

These counties may apply to the Indiana Department of Transportation for a loan from the Distressed Road Fund. (This application must include a map depicting all roads and streets in the county and the county's proposed program of work). The county must notify the State Board of Tax Commissioners that an application has been made.

Within thirty (30) days of the application for a loan, the State Board of Tax Commissioners submits to the Indiana Department of Transportation a financial report, which includes the amount of money available to the county for road construction and maintenance, an analysis of the use of highway money for the last five (5) years, and any other information required by the Department for processing the loan. The Indiana Department of Transportation then notifies the county within sixty (60) days of the date of application of its approval or disapproval. The maximum term of repayment of the loan is ten (10) years. A loan repaid within the time specified in the agreement is not subject to interest. However, if a loan is not repaid within the time allowed, an interest charge of twelve percent (12%) annually will be fixed.

The Indiana Department of Transportation can also authorize loans from the Distressed Road Fund to any city or town that is eligible to receive a distribution from the Motor Vehicle Highway Account. The application must include a map of all roads and streets in the system and a copy of the proposed work to be done. The Department will notify the applicant within sixty (60) days of its approval or disapproval. If a loan is granted, no interest or penalty is given if paid within two (2) years. If it is not paid within that time, the Auditor of the State will withhold distributions from the city or town's allocation from the Motor Vehicle Highway Account.

Funds in the Distressed Road Fund may be appropriated to the Indiana Department of Transportation to maintain a working balance in accounts that are established primarily to facilitate the matching of federal and local money for highway projects.

County Highway Engineer Fund (IC 8-17-5)

Each year, nine hundred twenty thousand dollars (\$920,000) is withheld by the state auditor from the counties' share of the April distribution of the Motor Vehicle Highway Account, to be used exclusively to assist counties in maintaining full-time employment of a county highway engineer.

Each county employing a full-time engineer shall be allotted a grant-in-aid subsidy of \$20,000 from this fund (\$10,000 to each of two counties jointly employing one engineer), which is to be used exclusively for the engineer's annual salary and expenses. (These amounts were raised by P.L. 86-1988.) This salary shall be recommended by the board of county commissioners and fixed by the County Council. Any unused funds shall revert to the counties' share of the Motor Vehicle Highway Account (MVHA) at the end of the year.

The salary and expenses of the county highway engineer may also be paid from the county general funds and the county's share of the MVHA.

To be eligible for a grant from this fund, the auditor of a county that employs a full-time county highway engineer must certify each year to the auditor of state that an engineer is employed. The certification must include the name and address of the engineer and the serial number of the engineer's certificate of registration as a professional engineer.

Lighting of Highways Streets and Roads (IC 8-13-6.5 and IC 36-9-9)

The Indiana Department of Transportation is required to light dangerous curves and intersections, heavily traveled sections, and bridges of the state highway system.

To accomplish this lighting, the department enters into agreements for the sharing of utility costs with counties, cities and towns where parts of the highway are located. The cost is paid by the state, counties, cities and towns in accordance with the agreement entered into before installation.

A municipality lighting its own streets is required to make payments to the utility company providing the lighting system with money from its general fund or with money set aside for street lighting purposes. Not less than thirty- five percent (35%) of the annual cost of the lighting system can be assessed against each lot or parcel of real property in front of which the lighting system is located.

A county or consolidated city may establish a cumulative capital improvement fund to provide money for the purchase or lease of equipment to be used for lighting a public way or sidewalk (IC 36-9-16-3).

Railroad Crossings (8-6-2.1)

The Board of Public Works of any city may enter into an agreement with any Railroad Company for the removal, relocation, or reconstruction of any track, roadbed, yard, station or other railroad facility. The total cost of improvements are kept in an account by the City Board of Public Works, and cannot exceed the estimate adopted in a resolution.

The Indiana Department of Transportation shares the cost of any improvement if it involves a highway that is part of the state highway system. The County Council also provides funds to pay the county's share of the cost, either by appropriating money from available funds or by selling bonds.

STATE REVENUE

State Highway Fund (IC 8-13-5)

The State Highway Fund provides money for construction, reconstruction, operation, maintenance, and control of the state highway system. This fund is supported from a number of sources, including money credited to the State Highway Fund, the Motor Vehicle Highway Account, portions of State Highway funds not used in the previous years, and money appropriated from the state treasury.

Revenue for Highways Near Toll Roads (IC 8-15-2)

The Toll Finance Authority constructs, reconstructs and operates toll road and toll bridge projects at locations approved by the Governor. The Authority fixes, imposes, collects and uses tolls for the maintenance, repair, improvement and operation of the toll road. The Authority also aids in financing for the construction of roads located near the toll roads.

The Toll Finance Authority can finance, develop, construct, reconstruct, improve or maintain public improvements, such as roads and streets, sewer lines, water lines, and sidewalks for manufacturing or commercial activities within a county through which a toll road passes, if these improvements are within an area ten (10) miles on either side of the center line of a toll road project; or two (2) miles on either side of any limited access highway that interchanges with a toll road project.

In addition, the Toll Finance Authority, in cooperation with the Indiana Department of Transportation or with a political subdivision, can construct, reconstruct, or finance the construction or reconstruction of an arterial highway or an arterial street that is located within four (4) miles of the center line of a toll road project or intersects with a road or street that interchanges with a toll road project.

The Toll Finance Authority also assists in the development of existing transportation corridors in Northwestern Indiana.

COUNTY, CITY, TOWN REVENUES

County Motor Vehicle Excise Surtax (6-3.5-4)

The County Council of any county may adopt an ordinance to impose an Annual License Excise Surtax on passenger vehicles, motorcycles, and trucks (Limit: 11,000 pounds). The County Council must concurrently adopt the County Wheel Tax. The license surtax must be at the same rate for each vehicle, and cannot exceed ten percent (10%) or less than two percent (2%), but must be at least seven dollars and fifty cents (\$7.50).

The surtax is collected by each branch office of the Bureau of Motor Vehicles at the time registration fees are paid. The branch office manager then remits the surtax to the County Treasurer on or before the tenth (10th) day of each month.

Before the twentieth (20th) day of each month, the County Auditor allocates the money among the county, cities and towns in the county, using the same formulas as the Local Road and Street Account. Before the twenty-fifth (25th) day of each month, the County Treasurer distributes to the county, cities and towns the money deposited in the County Surtax Fund during that month. Surtax revenues received are to be used for the construction, reconstruction, repair, or maintenance of streets and roads in the jurisdiction.

County Wheel Tax (IC 6-3.5-5)

The County Council of any county may adopt an ordinance to impose an Annual Wheel Tax on buses, recreational vehicles, semitrailers, tractors, trailers and trucks if they are not a) used by the state or political subdivision; b) subject to the Annual License Surtax; or c) operated by a religious or nonprofit youth organization for use to transport persons to services or for the overall benefit of their members. The vehicles to be taxed must be registered in the county. In order to adopt the Wheel Tax, the County Council must concurrently adopt the Annual License Excise Surtax.

Each license branch collects the tax on each vehicle at the time it is registered. In appropriating the money, the City-County Council of a county that contains a consolidated city (Marion County) appropriates the money to the Department of Transportation for use by the department or to a Multiple County Infrastructure Authority established under IC 36-7-23 by P.L. 346-1989. The City-County Council may not appropriate the money for any other purpose.

In a county without a consolidated city, the County Treasurer deposits the Wheel Tax revenue in the County Wheel Tax Fund. Before the twentieth (20th) day of each month, the County Auditor allocates the money among the county, cities and towns using the same procedures used in the Local Road and Street Account. Before the twenty-fifth (25th) day of each month, the County Treasurer distributes the money to the county, cities and towns.

A county, city or town can use the money generated from the County Wheel Tax only for the construction, reconstruction, repair, or maintenance of roads and streets under its jurisdiction, or as a contribution to a Multiple County Infrastructure Authority under IC 36-7-23.

Multiple County Infrastructure Authority

Under IC 36-7-23, two or more counties can create a Multiple County Infrastructure Authority to aid in the development of major capital projects. This can be any project that counties are now allowed to bond for (see under County Road and Bridge Bonding below). To participate in an authority requires action by the County Council and the Board of County Commissioners.

Each participating county is represented on the Authority's board by the appointment of one commissioner and one councilman. The appointees must be an elected official. Each county may pledge a variety of revenue sources to finance the project. The Authority has the power to issue revenue bonds.

Revenue Bonds

Bonds are a source of obtaining short-term revenue in exchange for long-term debt. Projects financed by revenue bond issues must have identifiable revenue sources because they must be paid back from the revenues received by the project.

According to an American Public Works Association publication, "Bonds are appropriate for a one-time capital expense where there is some new tax or fee that can be pledged for repayment or where the local government expects future growth sufficient to repay the bonds" ("Paying for Transportation at the Local Level: 17 Strategies," APWA, 1982, p. 14).

Bonds raise money quickly, but local officials must take into consideration long term interest rate fluctuations and political considerations when using this method of financing. One rule of thumb to use when considering revenue bonding is that the projected lifetime of the finished project should be as long as, or two to three years longer than, the lifetime of the bond issue. So a ten year bond issue could be used to pay for a road that was expected to last twelve to fifteen years without major maintenance.

Recent legislation (P.L. 86-1988) rescinded the 1937 suspension on county bonding, so now all cities, towns and counties can issue bonds for highway, road and bridge work. The Indiana Elected Municipal Officials' Handbook contains detailed information, rules and regulations concerning city and town bonding.

The laws governing county bonding were set forth in P.L. 113-1989 and are codified in IC 8-18-22. These laws are included in the volume II supplement of chapter 8. County road and bridge bonding is discussed below.

County Road and Bridge Bonding (IC 8-18-22)

Counties may now issue bonds to pay for the construction, reconstruction, or improvement of a highway, road, street, bridge, tunnel or approach, or for the cost of construction, maintenance, and repair of bridges, approaches, and grade separations, or for the construction of a major bridge or state line bridge, or to acquire the lands and rights necessary to widen, straighten, or change the route of any county highway. The statutes of IC 8-18-22 do not apply to bonds issued for county toll road financing under IC 8-18-21.

Revenue from bonds may be used to pay for the project as well as the cost of issuing the bonds, related financing costs, payment of interest on the bonds, the establishment of reserves to secure the bonds, and all other expenditures of the county, incidental and necessary to establish the bond issue. The cost of more than one project may be included in one bond issue. Bonds issued are exempt from both Indiana tax and registration under Indiana law.

Before bonds can be issued, the fiscal body must hold a public hearing to discuss the purpose of the bond issue, the amount of the proposed issue, and all other pertinent information. A notice must be published in accordance with IC 5-3-1, to publicize the hearing. The notice must be published one (1) time, at least ten (10) days before the date of the hearing, and include the time, place, and general purpose of the hearing.

Bonds must be authorized by an ordinance of the county fiscal body that includes the following information:

- 1) the original date of the bonds;
- 2) the time of maturity of the bonds, which may not be more than thirty years after the issue date;
- 3) the maximum interest rate or rates of the bonds, including any variations of those rates;
- 4) the denominations of the bonds;
- 5) the form of the bonds, either coupon or registered;
- 6) the registration privileges;
- 7) the medium and place of payment of the bonds; and
- 8) the terms of redemption of the bonds, including redemption before maturity.

The ordinance authorizing the issuance of bonds may also contain provisions concerning:

- 1) the pledging of revenues of the county to secure the payment of the bonds;
- 2) limitations on the purposes that proceeds from the sale of the bonds may be applied;
- 3) limitations on the issuance and terms of additional bonds, and the refunding of outstanding or other bonds;
- 4) the procedure and manner, if any, through which the terms of a contract with bondholders may be amended or abrogated;
- 5) the definition of acts or omissions that constitute a default and the obligations or duties of the county fiscal body to the bondholders, providing for the rights and remedies of the bondholders in the event of default;
- 6) a covenant stating that the fiscal body will not repeal or adversely modify the taxes or sources of revenue pledged to secure payment of the bonds; or
- 7) any other matter that affects the security or protection of the bondholders.

In order to pay the principal and interest on the bonds, the county fiscal body may pledge revenues from the motor vehicle highway account, the local road and street account, the county motor vehicle excise surtax, the county wheel tax, the county adjusted gross income tax, the county option income tax, the economic development tax, assessments, or any other unappropriated or unencumbered money. The fiscal body may not pledge to levy ad valorem property taxes for these purposes, unless the revenues come from the cumulative bridge fund or the major bridge fund.

Bonds may be secured by a trust indenture between the county and a trust company or a bank having the power of a trust company. This trust indenture may provide a number of protections for both the county and the bondholders. These include protecting and enforcing the rights and remedies of the bondholders, setting forth the duties of the fiscal body in relation to the custody, safekeeping, and application of bond money, and describing the method of disbursement of the proceeds of the bonds, with any safeguards and restrictions the county fiscal body deems necessary.

Cumulative Bridge Fund (IC 8-16-3)

All municipalities and Boards of County Commissioners have the authority to create a Cumulative Bridge Fund to provide funds for the cost of construction, maintenance and repair of bridges, approaches and grade separations. The county may also use money from this fund for making county wide bridge inspection and safety ratings on all bridges in the county that are not on the state highway system. If a county establishes such a fund, the Board of County Commissioners is responsible for providing funds for all bridges — including those in cities and towns within the county (except those bridges on the state highway system).

Before the Cumulative Bridge Fund is established, a proposal from the municipality or Board of County Commissioners must first be approved by the State Board of Tax Commissioners. Appropriations from the bridge fund may be made without the approval of the Board of Tax Commissioners if the county executive requests the appropriation, and only for the construction, maintenance, or repair of bridges, approaches, or grade separations.

In order to collect revenue for this fund, the County Commissioners, City Council, and Town Board can levy a tax annually, for up to five (5) years with the approval of the State Board of Tax Commissioners, or issue bonds under IC 8-18-22. The tax levied cannot exceed thirty cents (\$.30) on each one hundred dollars (\$100) of assessed valuation of all taxable personal and real property within the county, city or town. If a county leases a bridge, it may levy this tax for up to fifteen (15) years to pay its lease rental obligation. The leasing of bridges by counties is authorized under IC 8-16-3.5-1, and this statute also permits counties to pay the rental fee from the cumulative bridge fund. The full text of IC 8-16-3.5 is provided in volume 2, if more information is needed on the requirements and guidelines for the leasing of bridges. Any tax collected under the Cumulative Bridge Fund cannot be used for any purpose other than that for which it was imposed.

Cumulative Capital Improvement Fund (IC 36-9-16)

The fiscal body of each city, town or county may, by ordinance or resolution, establish a cumulative capital improvement fund. The unit may use cumulative capital improvement funds to provide money for one (1) or more of the following purposes:

- purchase construct, equip, and maintain buildings for public purposes;
- acquire land, and any improvements on it, necessary for the construction of public buildings;
- demolish any improvements on land acquired under this section, and to level, grade, and prepare the land for the construction of a public building;
- acquire land or rights-of-way to be used as a public way or other means of egress to land acquired for the construction of a public building;
- improve or construct any public way or other means of ingress or egress to land acquired for the construction of a public building;
- acquire land or rights-of-way to be used for public ways or sidewalks;
- construct and maintain public ways or sidewalks;
- acquire land or rights-of-way for the construction of sanitary or storm sewers, or both;
- construct and maintain sanitary or storm sewers, or both;
- acquire, by purchase or lease, or to pay all or part of the purchase price of a utility;
- purchase or lease land, buildings, or rights-of-way for the use of any utility that is acquired or operated by the unit;
- purchase or acquire land, with or without buildings, for park or recreation purposes;
- purchase, lease, or pay all or part of the purchase price of motor vehicles for the use of the police or fire department, or both, including ambulances and firefighting vehicles with the necessary equipment, ladders, and hoses;
- retire in whole or in part any general obligation bonds of the unit that were issued for the purpose of acquiring or constructing improvements or properties that would qualify for the use of cumulative capital improvement funds;
- purchase or lease equipment and other nonconsumable personal property needed by the unit for any public transportation use; or
- in a county or consolidated city, to purchase or lease equipment to be used to illuminate a public way or sidewalk. (IC 36-9-16-2 and 36-9-16-3)

Any city or town may at any time, by ordinance or resolution, transfer to 1) its general fund; or 2) a Multiple County Infrastructure Authority; any money that has been deposited in the city's or town's cumulative capital improvement fund (IC 6-7-1-31.1).

Cumulative Capital Development Fund (IC 36-9-14.5)

A county government may, with the approval of the state board of tax commissioners, establish a Cumulative Capital Development Fund. Money collected for a Cumulative Capital Development Fund may be invested in United States bonds or securities under IC 36-9-15-5, or used to provide money for any of the purposes associated with the funds listed below.

- Cumulative Fund for the purchase of voting machines and devices (IC 3-11-6-9).
- Cumulative Bridge Fund (IC 8-16-3).
- Major Bridge Fund (IC 8-16-3.1).
- Cumulative Fund for the construction or improvement of airport facilities (IC 8-22-3-25).
- Cumulative Fund for the erection of levees, gates and pumping stations (IC 13-2-31-26).
- Cumulative Fund to provide maintenance on channel improvements and levee structures (IC 13-3-3-89).
- Cumulative Building Fund for the erection of hospital buildings (IC 16-12-21-35).
- Cumulative Fund to enlarge, construct or remodel county hospital buildings (IC 16-12.1-4-4).
- Cumulative Building Fund for county courthouse (IC 36-9-14).
- Cumulative Capital Improvement Fund — any of the sixteen purposes listed above under IC 36-9-16-2 and 36-9-16-3.
- Cumulative Drainage Fund (IC 36-9-27-100).
- Cumulative Building Fund for building, remodeling and repairing park and recreation facilities or purchasing land for park and recreation purposes (IC 36-10-3-21).

Major Bridge Fund (IC 8-16-3.1)

The purpose of the Major Bridge Fund is to provide supplemental financing to counties for the construction of any county bridge that spans major obstructions and is larger than bridges ordinarily required to make a county highway system functional. Eligible counties are those with populations between one hundred thousand (100,000) and seven hundred thousand (700,000) that have a major obstruction between commercial or population centers that could cause economic hardship.

In order to collect revenue from this fund, the Board of County Commissioners of an eligible county may levy a tax or issue bonds under IC 8-18-22. The tax levied cannot exceed ten cents (\$.10) on each one hundred dollars (\$100) assessed valuation of all taxable personal and real property. The procedures and conditions imposed upon the tax levy for the cumulative bridge fund (above) also apply to the levy of the tax imposed for the major bridge fund. Any tax collected under the Major Bridge Fund cannot be used for any purpose other than that for which it was imposed.

Property Tax (IC 6-1.1-18)

The property tax is a significant source of revenue for governmental units in the state of Indiana. It is levied directly against the assessed valuation of tangible property and may not exceed one dollar and twenty-five cents (\$1.25) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or two dollars (\$2) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits. While the total amount of revenues generated by property taxes is controlled by state law, there are some exceptions to these limits.

The taxing units are required to make a budget for the fiscal year and appropriate funds from all sources of revenue in such a manner that expenditures do not exceed the budget. Outlays for road and street work should be included in this budget.

However, no ad valorem property tax may be used for county highways, except by unanimous vote of the County Council in a case of an extraordinary emergency or indispensable necessity. There are exceptions to this rule. Interest collected on investments of tax collections made under IC 5-13-9-6 may be appropriated by the county council for use on highway maintenance, tax collected for a Cumulative Capital Development Fund may be used for any of the purposes listed in IC 36-9-14.5-2 (See above), and the tax generated for a tax increment finance area may be used as outlined in IC 36-7-14 and IC 36-7-15.1.

Parking Meters and Parking Fees (IC 36-9-11 and IC 36-9-12)

By the use of parking meters, a municipality can regulate the parking or standing of vehicles on or off any public way, and provide for the collection of fees from a person parking a vehicle on or off a public way. Regulations and fees must first be established by an ordinance.

The money raised from the parking meters is deposited with the clerk-treasurer or treasurer in a special fund and can only be disbursed on orders of the Municipal Works Board or Board of Public Transportation. The money can be used to pay the cost of:

- installing and operating the parking meters (including cost of clerks and bookkeeping);
- traffic signal devices;
- repairs and maintenance of any public way, the curbs and sidewalks where the parking meters are used and all public ways connected with them;
- suitable land for off-street parking facilities;
- the principal and interest on bonds issued to acquire parking facilities and devices;
- improving and maintaining land for parking purposes;
- purchasing, installing, and maintaining parking meters on that land; and
- purchasing, maintaining, operating and repairing school crossing protective facilities.

QUESTIONS AND ANSWERS

MOTOR VEHICLE HIGHWAY ACCOUNT

Q: What is the motor vehicle highway account (MVHA) and how is it used?

A: The motor vehicle highway account is the account of the general fund of the state to which is credited collections from motor vehicle registration fees, licenses, driver's and chauffeur's license fees, gasoline taxes, auto transfer fees, certificate of title fees, weight taxes or excise taxes and all other similar special taxes, duties or excises of all kinds on motor vehicles, trailers, motor vehicle fuel or motor vehicle owners or operators (IC 8-14-1-1).

Funds from the MVHA are distributed monthly to local government units by the auditor of the state. The net amount in the MVHA shall be budgeted for programs of traffic safety and for the construction, reconstruction, improvement, maintenance, and policing of the highways of the state (IC 8-14-1-2).

The funds allocated to the counties shall be used for construction, reconstruction and maintenance of the highways of the respective counties (IC 8-14-1-4). Funds allocated to the cities and towns shall be used for construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways and curbs.

City and town funds may also be used for cities' or towns' share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and the painting of structures, objects and surfaces for highway safety and traffic regulation (IC 8-14-1-5).

LOCAL ROAD AND STREET ACCOUNT

Q: How does a governmental unit obtain money from the local road and street account?

A: The auditor of the state distributes money from the LR&SA to units of local government. This money is distributed monthly and no application is needed to obtain funding (IC 8-14-2-4).

Q: How are funds allocated from the local road and street account fund?

A: The auditor of the state allocates funds in the local road and street account on the basis of the ratio of each county's passenger car registrations to the total passenger car registrations of the state. In determining the suballocation between the county and the cities within, the auditor uses the following formulation:

- 1) In counties with a population of more than 50,000, 60% of the money is distributed on the basis of population and 40% distributed on the basis of the ratio of city and town street mileage to county road mileage.
- 2) In counties having a population of 50,000 or less, 20% of the money is distributed on the basis of population, and 80% on the basis of the ratio of city and town street mileage to county road mileage (IC 8-14-2-4).

Q: How are funds from the local road and street account to be used?

A: The money from the local road and street account may only be used by the cities, towns, and counties for engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road and street systems, or for the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects, or for any local costs required to undertake a recreational or reservoir road project (IC 8-4-2-5).

CUMULATIVE BRIDGE FUND

Q: What is the cumulative bridge fund and how is it used?

A: A cumulative bridge fund may be established to provide funds for the cost of construction, maintenance and repair of bridges, approaches and grade separations. If a county establishes such a fund, the board of county commissioners is responsible for providing funds for all bridges in the county, including those in cities and towns within the county (except those bridges on the state highway system).

County commissioners may also use money from this fund for making county-wide bridge inspections and safety ratings of all bridges not on the state highway system. The proposed action to establish such a fund by any municipal corporation or board of county commissioners must first be approved by the state board of tax commissioners (IC 8-16-3-1).

Q: Can interest earned on investment of cumulative bridge funds be diverted to the general fund?

A: The answer appears to be no.

The fund is established by a tax levy after the requirements of notice and subsequent approval by the State Board of Tax Commissioners have been met. Once collected, the statutes stipulate that the tax will be held in a special fund and is not to be expended for any other purpose other than that for which it was established.

IC 5-13-1 contains the provisions for the investment of public funds and the disposition of interest derived from those investments. When authorized to do so, the county treasurer may invest tax collections in accordance with the provisions of the chapter. "The interest received on such investments shall be receipted into the county general fund" (IC 5-13-1-3).

This would appear to authorize the application of interest but on taxes collected to the general fund, IC 5-13-1-4 contains the stipulation that ". . . all interest derived from investments shall become part of the funds invested." Since the cumulative bridge fund is a separate fund for a specific purpose, it appears that interest accrued from the investment of cumulative bridge funds must become part of the fund and cannot be transferred to general funds.

DISTRESSED ROAD FUND

Q: What is the distressed road fund? How does a county qualify, and what are the procedures for applying for these funds?

A: The distressed road fund is a nonbudgetary, nonreverting fund created to provide financial assistance, through loan, to counties that have serious road and street deficiencies. A county must have a population over 9,000 but not more than 41,800 with variations as indicated in IC 8-14-8-3. The county must adopt the county motor excise surtax and the county wheel tax, and may not have issued bonds, in order to be eligible (IC 8-14-8-4).

The application for the distressed road fund must include a map depicting all roads and streets in the system of the applicant, and a copy of that county's proposed program of work covering the current and the next calendar year. The department of highways will notify a qualified county of approval or disapproval within 60 days. A county has up to ten years for repayment with no interest. If the loan is not fully repaid at the end of this period, the county is subject to a rate of interest of twelve percent (12%) per year (IC 8-14-8-4 and 8-14-8-7).

WHEEL TAX

Q: How is the wheel tax adopted and by whom?

A: The county council of any county may adopt an ordinance imposing an annual wheel tax on buses, recreational vehicles, semitrailers, tractors, trailers, and trucks that are registered in the county, with some exceptions listed in the text of this chapter. The county council must concurrently adopt an ordinance imposing the annual license surtax (IC 6-3.5-5-2 to 6-3.5-5-4).

Q: How is the money collected from the wheel tax to be used?

A: Wheel tax revenues are to be allocated among the county and the cities and towns in the county by the County Auditor. The county may use wheel tax revenues it receives to construct, reconstruct, repair or maintain streets and roads under its jurisdiction, or as a contribution to a Multiple County Infrastructure Authority as outlined in IC 36-7-23. No other use is allowed (IC 6-3.5-5-15).

COUNTY MOTOR VEHICLE EXCISE SURTAX

Q: How is the Motor Vehicle Excise Surtax established and applied?

A: Any county that has adopted an ordinance to impose the wheel tax (described above), must concurrently adopt an ordinance to impose an excise surtax. The surtax only applies to passenger vehicles, motorcycles and trucks with a gross weight not exceeding eleven thousand (11,000) pounds. The county council may impose a surtax of not less than two percent (2%) or more than ten percent (10%) of the annual license excise tax imposed on the registration of a vehicle. However, the total surtax on any vehicle may not be less than seven dollars and fifty cents (\$7.50). The same rate must be imposed on all applicable vehicles registered in the county (IC 6-3.5-4-2 and IC 6-3.5-4-7).

Q: How is the surtax collected, allocated and used?

A: The surtax is collected by the branch office of the bureau of Motor Vehicles and deposited by the branch manager into a separate account to be remitted, by the tenth day of each month, to the county treasurer of the county imposing the tax (IC 6-3.5-4-8 and IC 6-3.5-4-9). In a county not containing a consolidated city, the county treasurer shall deposit the surtax revenues into a fund called the "_____ County Surtax Fund."

Before the twentieth day of each month, the county auditor allocates the money in this fund to the county and the cities and towns contained in the county, using the formula for the distribution of Local Road and Street Account funds. The county treasurer must distribute these funds by the twenty-fifth day of each month. Surtax revenues may only be used by a county, city or town to construct, reconstruct, repair, or maintain the streets in its jurisdiction (IC 6-3.5-4-13).

BONDING FOR LOCAL ROADS AND STREETS

Q: Can bonds be issued to finance local street and road work?

A: Until recently, counties could only issue bonds to finance bridge work. Recent legislation rescinded the ban on county highway bonding, and guidelines for county bonding are listed below:

- 1) A county may issue bonds under IC 8-18-22 for the purpose of raising money to pay for the construction, reconstruction, or improvement of a highway, bridge, or tunnel. (The guidelines set forth in IC 8-18-22 are discussed in the text of this chapter.) These bonds may not exceed in amount the estimated costs of construction, reconstruction, or improvement and all expenses incurred and damages allowed prior to the letting of the contract. A sum sufficient to pay the per diem of the engineer and superintendent during construction and all costs of the financing involved in the issuance of the bonds may also be included in the amount of the bonds (IC 8-17-1-13).

The proceeds from the sale of bonds must be kept in a separate and specific fund. If there is a surplus left in the fund after the road has been completed, this surplus must be transferred to a fund for the construction, reconstruction, or improvement of any other county highway and shall not be used for any other purpose (IC 8-17-1-13).

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- 2) Local county road and bridge boards may issue bonds in the name of the qualified county for the benefit of the local county road and bridge district. The bonds shall be issued for the purpose of raising money to acquire land or rights-of-way and to pay for any capital improvement necessary for the construction, reconstruction, or operation of roads or bridges within the district. A local county road and bridge board may issue bonds only if the county motor vehicle excise surtax and the county wheel tax are in effect and the county motor vehicle excise surtax is being imposed at the maximum allowable rate (IC 8-14-9-10).
 - 3) The works board (board of commissioners for a county not having a consolidated city, board of public works or board of public works and safety for a city, or board of trustees for a town) may issue bonds in anticipation of the collection of the assessments for an improvement. These bonds shall be issued and sold in the manner prescribed for other bonds of the unit (IC 36-9-18-31).

SPECIAL PROBLEMS/PROJECTS

Q: How can a city or town pay for street lights?

A: The funds allocated to cities and towns from the motor vehicle highway account may be used for the installation of street lights if it is a matter of traffic safety (IC 8-14-1-5). Concerning payment to the utility company supplying electricity, the municipality shall pay the entire annual cost of lighting of street intersections, and not less than thirty-five percent (35%) of the annual cost of lighting the entire other part of the lighting system with the exact percentage fixed by the municipal works board through its general funds or from a fund set aside for street lighting purposes. The remaining annual cost of the lighting system shall be assessed against each lot or parcel or real property in the city block in front of which the lighting system is located (IC 36-9-9-9).

Q: Under what conditions is the Indiana Department of Transportation required to pay for street lights?

A: According to the most recent version of the legislation, the Indiana Department of Transportation "may" illuminate dangerous curves, intersections, and heavily traveled sections of the state highway system and the bridges in the system as described in the text of this chapter (IC 8-13-6.5-1).

Q: Who is responsible for the installation and the utility costs of lighting on state highway systems?

A: The department of highways shall enter into an agreement for the sharing of the utility costs of illumination of street lights on state highways that are, in part, within a city, town, or county, before installation of the lights. The cost of installation of the lights may be paid by the state and the city, town, or county in accordance with the agreement (IC 8-13-6.5-1).

Except as provided for in an agreement described above, the Indiana Department of Transportation shall pay all costs of illumination of any state highway that has been designated as part of the national system of interstate and defense highways, including the cost of installation, repair, energy, and maintenance (IC 8-13-6.5-1).

FEDERAL-AID HIGHWAY FUNDS

Q: What type of federal-aid highway funds are available?

A: There are nine types of categorical programs available.

- 1) **Urban funds** for use on all urban systems routes including city streets and state highways. An urbanized area is any city or town over 5,000 population.
- 2) **Rural secondary funds** for use on all rural secondary systems including county roads and state highways.

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- 3) **Bridge replacement funds** for use on bridge projects involving replacement or rehabilitation.
 - 4) **Rail highway protection and rail highway crossings funds** for use on projects involving railroad crossings on or off a federal-aid system.
 - 5) **Hazard elimination funds** for use on federal-aid highway system at high or potentially high accident areas to correct or improve the roadway deficiency.
 - 6) **Access highways to lakes funds** for use on recreational roads to man-made lakes or reservoirs constructed by the U.S. Army Corps of Engineers.
 - 7) **Railroad relocation funds** for use on projects involving the relocation of railroads within large cities.
 - 8) **Emergency relief funds** to replace, reconstruct or repair a roadway system damaged by a natural disaster.
 - 9) **Transportation system management funds** for support of such demonstration projects as Ride Sharing, Van Pools, Bikeways, etc. (Information supplied by INDOT, Division of Local Assistance).

Q: How are federal-aid highway funds apportioned to the states, and how are the funds to be used?

A: Federal-aid highway funds are apportioned to the states through the Highway Trust Fund, which is financed by the federal fuel tax and various excise taxes. Funds are apportioned to the states by categorical programs. Funds in the categorical programs can only be used for projects to improve the highway system of the same category.

Q: How are Federal-Aid Highway funds made available to local governments?

A: The Federal Highway Administration implements the federal-aid program at the national level. The Indiana Department of Transportation's division of Local Assistance, assisted and supported by other offices and divisions of INDOT has primary responsibility for implementing the federal-aid program at the state level.

The Division of Local Assistance coordinates closely with the counties in determining approval and distribution of federal funds. These funds must be matched by local funds in a proportion determined by the type of project. Federal-aid projects must not be initiated without FHWA approval. Local officials contemplating projects should work closely with the Division of Local Assistance to avoid delays and, more importantly, violations as the project progresses.

GENERAL LOCAL FUNDING CONSIDERATIONS

Q: In general, how are funds raised by the state, counties and municipalities for highways, roads and streets?

A: In accordance with statutory provisions, funds for highway construction, improvement, maintenance, repair and other highway purposes may be raised by the state and distributed to local governments, by the issuance of bonds payable from taxes or special assessments, or from revenues collected by tolls for the use of roads (*West's Indiana Law Encyclopedia*, Section 97 -- Highways).

Q: How must the county highway fund be appropriated?

A: The county council is required to appropriate funds for the operation of the county highway department for the entire budget year. The appropriation may not be less than 75% of the total estimated to be in the highway fund in the ensuing year. If the county commissioners have filed a four year plan for construction and improvement and a one year maintenance and repair plan for county highways, then the council must appropriate no less than 99% of the total estimated highway fund (IC 6-1.1-18-8).

LOCAL PUBLIC AGENCY OBLIGATION REPORT (FEDERAL-AID HIGHWAY FUNDS)

Q: What is the Local Public Agency Obligation Report?

A: Each quarter the Division of Local Assistance prepares and distributes the "Local Public Agency Obligation Report" for "Federal-Aid Highway Funds". This report lists the use of federal-aid highway funds by Local Public Agencies (counties, cities, and towns) for a federal fiscal year (FFY) (October 1 through September 30) in a five year period (previous three years, current year and following year).

The report includes the federal funds allocated each year with the carry over from the previous FFY, the total funds either obligated or refunded per Local Public Agency, and the balance of funds remaining. The report is divided into the different categories of federal-aid highway funds that are allocated each year.

The funding categories listed are as follows:

- Urban funds Group I cities
- Urban funds Group II cities
- Urban funds Group III cities
- Rural Secondary funds
- Bridge Replacement funds
- Railroad Crossing funds
- Hazard Elimination funds
- Minimum Allocation funds

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**Administration and Management
of Local Streets and Roads
(1990 Update)**

**Chapter 8
Road Revenues
Volume II**

CHAPTER



ROAD REVENUES

Administration and Management of Local Streets and Roads (1989 Update)

Note: The statutes included below are those pertinent to the discussion in the revised version of "Chapter 8: Road Revenues" in volume 1. This list is an update to the list of statutes included in the original volume 2, and includes only those sections of the law that have been added, revised or repealed since the publication of "Administration and Management of Local Streets and Roads". Be sure to check here for any changes when searching for a particular section in volume 2.

5-13-9. DEPOSIT AND INVESTMENT POWERS

5-13-9-6. Interest on investment — Investment of tax receipts. — (a) All interest derived from an investment by a political subdivision or by any other local public officer under the authority granted by section 3 of this chapter shall be deposited, except as otherwise provided by law, in the general fund of the investment authority or in any other fund its governing body designates specifically or by rule, subject to the modifications and limitations in this section.

(b) Interest from the following investments shall be receipted as follows:

(1) Interest from investments of funds of a political subdivision that are traceable to United States government funds must be receipted to the fund of which they are a part, if required by federal law or regulation.

(2) Interest from investment of funds controlled by court orders must be receipted to that fund unless otherwise designated by the court order.

(c) Each county treasurer, if authorized by the board of county commissioners, may invest tax collections under this chapter pending distribution of the collections to political subdivisions. These investments may not:

(1) exceed the amount available after giving consideration to taxes which may need to be advanced to any political subdivision; or

(2) be made in deposit accounts or repurchase agreements, the maturity dates of which are later than the time when the tax collections are required by law to be distributed to political subdivisions.

(d) The interest received on the investments made under subsection (c) shall be receipted to the county general fund or any other fund from which expenses incurred in the maintenance of county highways may be paid. The county fiscal body (as defined in IC 36-1-2-6) shall determine the allocation of this interest among the general fund and the various highway funds into which the interest may be deposited.

(e) The board of trustees of a state university may designate the fund to which the interest of its investments shall be receipted.

(f) Any political subdivision may apply the interest derived from the investment of the proceeds from bonded indebtedness or local tax levies to the appropriate redemption bond interest or sinking fund for the bonded indebtedness.

(g) If meter deposits of a municipally owned utility are invested, the interest earned on the investment may be applied to and used in the operation or depreciation fund of the municipally owned utility as determined by its governing body.

(h) Any public depository insurance assessment paid by a depository on any deposit account under IC 5-13-12-5 shall be deducted from the interest otherwise payable on that account.

(i) Interest from the investment of public funds may not be paid personally or for the benefit of any public officer. [P.L. 19-1987, § 11; as added by P.L. 68-1989, § 1.]

6-3.5-5. COUNTY WHEEL TAX

6-3.5-5-14. Marion County Appropriation. — (a) In the case of a county that contains a consolidated city, the city-county council may appropriate money derived from the wheel tax to:

(1) the department of transportation established by IC 36-3-5-4 for use by the department under law; or

(2) an authority established under IC 36-7-23.

(b) The city-county council may not appropriate money derived from the wheel tax for any other purpose. [IC 6-3.5-5-14, as added by Acts 1980, P.L. 10, § 5, P.L. 346-1989, §1.]

6-3.5-5-15. Counties other than Marion County - Fund — Allocation — Distribution — Purposes. — (a) In the case of a county that does not contain a consolidated city, the county treasurer shall deposit the wheel tax revenues in a fund to be known as the "County Wheel Tax Fund."

(b) Before the twentieth day of each month, the county auditor shall allocate the money deposited in the county wheel tax fund during that month among the county and the cities and the towns in the county. The county auditor shall allocate the money to counties, cities, and towns under IC 8-14-2-4(c)(1) through IC 8-14-2-4(c)(3).

(c) Before the twenty-fifth day of each month, the county treasurer shall distribute to the county and the cities and towns in the county the money deposited in the county wheel tax fund during that month. The county treasurer shall base the distribution on allocations made by the county auditor for that month under subsection (b).

(d) A county, city, or town may only use the wheel tax revenues it receives under this section:

(1) to construct, reconstruct, repair, or maintain streets and roads under its jurisdiction; or

(2) as a contribution to an authority established under IC 36-7-23. [IC 6-3.5-5-15, as added by Acts 1980, P.L. 10, § 5; P.L. 85-1983, § 9, P.L. 346-1989, § 2.]

6-3.5-6. COUNTY OPTION INCOME TAX

6-3.5-6-1. Definitions. — As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5. However, in the case of a county taxpayer who is not treated as a resident county taxpayer of a county, the term includes only adjusted gross income derived from his principal place of business or employment.

"Civil taxing unit" means any entity, except a school corporation, that has the power to impose ad valorem property taxes. However, in the case of a county in which a consolidated city is located, the consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7) and all other political subdivisions except townships, excluded cities (as defined in IC 36-3-1-7), and school corporations shall be deemed to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

"County income tax council" means a council established by section 2 [6-3.5-6-2] of this chapter.

"County taxpayer," as it relates to a particular county, means any individual:

(1) Who resides in that county on the date specified in section 20 [6-3.5-6-20] of this chapter; or

(2) Who maintains his principal place of business or employment in that county on the date specified in section 20 of this chapter and who does not reside on that same date in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Fiscal body" has the same definition that the term is given in IC 36-1-2-6.

"Resident county taxpayer," as it relates to a particular county, means any county taxpayer who resides in that county on the date specified in section 20 of this chapter.

"School corporation" has the same definition that the term is given in IC 6-1.1-1-16. [P.L. 44-1984, § 14; P.L. 23-1986, § 9; P.L. 22-1988, § 4.]

Compiler's Notes. Section 23(b) of P.L. 23-1986 provides that this section applies to taxable years that begin after December 31, 1986.

Section 10 of P.L. 22-1988 provides: "SECTIONS 3, 4, and 6 of this act apply to taxable years that begin after December 31, 1987."

Amendments. The 1988 amendment, in subdivision (2) of the definition of "county taxpayer," deleted "or" preceding "the

county adjusted income tax" and inserted "or the county economic development income tax."

6-3.5-6-2. County income tax council established — Membership — Ordinance powers. — (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) Using procedures described in this chapter, a county income tax council may adopt ordinances to:

(1) Impose the county option income tax in its county;

(2) Subject to section 12 of this chapter, rescind the county option income tax in its county;

(3) Increase the county option income tax rate for the county;

(4) Freeze the county option income tax rate for its county; or

(5) Increase the homestead credit in its county.

(c) An ordinance adopted in a particular year under this chapter to impose or rescind the county option income tax or to increase its tax rate is effective July 1 of that year. [P.L. 44-1984, § 14, as added by P.L. 2-1989, § 14.]

6-3.5-6-12. Tax in effect until rescinded — Procedure for rescission. — (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.

(b) Subject to subsection (c), The county income tax council of a county may rescind the county option income tax by passing an ordinance to rescind the tax after January 1 but before June 1 of a year.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately certify the results to the department. [P.L. 44-1984, § 14, as added by P.L. 2-1989, § 15.]

6-3.5-6-18. Revenue distribution by county auditor — Distributive shares. — (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) Fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) make payments permitted under IC 36-7-15.1-17.5; and

(5) Make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under IC 36-7-15.1-17.5, IC 36-8-15-19(b), and 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsection (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive share that each civil taxing unit in a county is entitled to receive during a month equals the product of:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the total property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls. The denominator of the fraction equals the total property taxes that are first due and payable to all civil taxing units of the county during the calendar year in which the month falls.

(f) The state board of tax commissioners shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The state board of tax commissioners shall make any adjustments required by this subsection and provide them to the appropriate county auditors. [P.L. 44-1984, § 14; P.L. 32-1986, § 2; P.L. 225-1986, § 10, P.L. 2-1989, § 16.]

Amendments. The 1986 amendment by P.L. 225-1986, effective March 6, 1986, in subsection (a), inserted present subdivision (2) and redesignated former subdivision (2) as present subdivision (3); inserted present subsection (c); redesignated former subsections (c) through (g) as present subsections (d) through (h); and made a series of minor changes in style and internal references throughout the section.

The 1986 amendment by P.L. 32-1986, effective March 12, 1986, gave effect to the amendment by P.L. 225-1986, and substituted "36-8-15-19(b)" for "36-8-15-19(a)" in subsections (a)(2) and (c).

6-3.5-6-23. County option income tax credits — Liability to local government outside Indiana. — (a) except as provided in subsection (b), if for a particular taxable year a county taxpayer is liable for an income tax imposed by a county, city, or town, or other local governmental entity located outside of Indiana, that county taxpayer is entitled to a credit against the county option income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the county option income tax. However, the credit provided by this section may not reduce a county taxpayer's county option income tax liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a county taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of county option income taxes owed under this chapter.

(c) To claim the credit provided by this section, a county taxpayer must provide the department with satisfactory evidence that the taxpayer is entitled to the credit. [P.L. 23-1986, § 12.]

6-3.5-6-24. County option income tax credits for the elderly or totally disabled. — (a) If for a particular taxable year a county taxpayer is, or a county taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or the totally disabled under Section 22 of the Internal Revenue Code, the county taxpayer is, or the county taxpayer and the taxpayer's spouse are, entitled to a credit against the county option income tax liability for that same year. The amount of the credit equals the lesser of:

(1) The product of:

(A) The credit for the elderly or the totally disabled for that same taxable year; multiplied by

(B) A fraction, the numerator of which is the county option income tax rate imposed against the county taxpayer, or the county taxpayer and the taxpayer's spouse, and the denominator of which is fifteen hundredths (0.15); or

(2) The amount of county option income tax imposed on the county taxpayer, or the county taxpayer and the taxpayer's spouse.

(b) If a county taxpayer and the taxpayer's spouse file a joint return and are subject to different county option income tax rates for the same taxable year, they shall compute the credit under this section using the formula provided by subsection (a), except that they shall use the average of the two (2) county option income tax rates imposed against them as the numerator referred to in subsection (a)(1)(B). [P.L. 23-1986, § 13; P.L. 63-1988, § 10.]

6-3.5-6-25. — Notwithstanding any other law, if a civil taxing unit desires to issue obligations, or enter into leases, payable wholly or in part by the county option income tax, the obligations of the civil taxing unit or any lessor may be sold at public sale in accordance with IC 5-1-11 or at negotiated sale. [P.L. 2-1989, § 17.]

6-6-5. MOTOR VEHICLE EXCISE TAX

6-6-5-3. Basis for determining value. — (a) As the basis for measuring the tax imposed by this chapter, the bureau shall determine the value of each vehicle as of the time it is first offered for sale as a new vehicle in Indiana. The bureau shall adopt rules for determining the value of vehicles, using the "factory advertised delivered price" or the "port of entry price".

(b) If the bureau is unable to ascertain a value by this method in respect to any vehicle or class of vehicles because the vehicle is a specially constructed vehicle or for any other reason, the bureau shall determine, from any information available, the true tax value subject to review and adjustment by the state board of tax commissioners.

(c) For each vehicle, beginning with the 1990 model year, the bureau shall reduce the value determined under subsection (a) or (b) by dividing:

(1) the price determined under subsection (a) or (b); by

(2) one (1) plus the average percentage increase in new automobile prices using the most recent annual reference to the Consumer Price Index for Private New Automobiles as published by the Bureau of Labor Statistics, United States Department of Labor.

[Acts 1969, ch. 423, § 3; 1971, P.L. 73, § 2; P.L. 24-1986, § 31; P.L. 335-1989, § 8.]

6-7-1. CIGARETTE TAX

6-7-1-31.1. Cumulative capital improvement fund for cities and towns. — (a) The fiscal body of each city and town shall, by ordinance or resolution, establish a cumulative capital

improvement fund for the city or town. Except as otherwise provided in subsection (c), the city or town may only use money in its cumulative capital improvement fund to:

(1) Purchase land, easements, or rights-of-way;

(2) Purchase buildings;

(3) Construct or improve city owned property; or

(4) Retire general obligation bonds issued by the city or town for one (1) of the purposes state in subdivision (1), (2), or (3).

(b) The money in the city's or town's cumulative capital improvement fund does not revert to its general fund.

(c) A city or town may at any time, by ordinance or resolution, transfer to:

(1) its general fund; or

(2) an authority established under IC 36-7-23;

money derived under this chapter that has been deposited in the city's or town's cumulative capital improvement fund. [IC 6-7-1-31.1, as added by Acts 1977, P.L. 89, § 4, P.L. 346-1989, § 4.]

Opinions of Attorney General. The term "capital improvement" as used in 6-7-1-30 (since repealed) and 6-7-1-32 (since repealed), and defined in 6-7-1-34 (since repealed) did not contemplate the purchase of major movable equipment or any other personal property and the use of such cumulative capital improvement fund for such purposes would have been contrary to the express restrictive authority of this act. 1965, No. 32, p. 159.

8-13-1. INDIANA DEPARTMENT OF HIGHWAYS (Repealed.) [P.L. 112-1989, § 6.]

8-14-1. MOTOR VEHICLE HIGHWAY ACCOUNT

8-14-1-10. Covered bridge maintenance appropriation. —

(a) On July 1 of each year, there is appropriated from the motor vehicle highway account for the maintenance of covered bridges in Indiana the amount necessary to make the disbursements under subsection (b) for the year.

(b) Before September 1 of each year, the auditor of state shall, by warrant drawn on the treasurer of state, distribute to each county that has covered bridge located on the county's road system an amount that may only be used for maintenance of covered bridges in the county. The amount to which each county is entitled under this subsection equals the product of:

(1) The number of covered bridges located on the county's road system; multiplied by

(2) seven hundred and fifty dollars (\$750). [P.L. 127-1987, § 1; as added by P.L. 115-1989, § 1.]

8-14-1-11. — (a) The department may create a local agency revolving fund from money appropriated under section 3(g) of this chapter for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects.

(b) The revolving fund balance must be maintained

through reimbursement from a local unit for money used by that unit to match federal funds.

(c) If the local unit fails to reimburse the revolving fund, the department shall notify the local unit that the department has found the outstanding accounts receivable to be uncollectible.

(d) The attorney general shall review the outstanding accounts receivable and if the attorney general agrees with the department's assessment of the account's status, the attorney general shall certify to the auditor of state that the outstanding accounts receivable is uncollectible and request a transfer of funds as provided in subsection (e).

(e) Upon receipt of a certificate as specified in subsection (d), the auditor of state shall:

(1) immediately notify the delinquent local unit of the claim; and

(2) if proof of payment is not furnished to the auditor of state within thirty (30) days after notification, transfer an amount equal to the outstanding accounts receivable to the department from the delinquent local unit's allocations from the motor vehicle highway account for deposit in the local agency revolving fund.

(f) Transfers shall be made under subsection (c) until the unpaid amount has been paid in full under the terms of the agreement. However, the agreement may be amended if both the department and the unit agree to amortize the transfer over a period not to exceed five (5) years.

(g) Money in the fund at the end of a fiscal year does not revert to the state general fund. [P.L. 116-1989, § 1.]

8-14-9. LOCAL COUNTY ROAD AND BRIDGE BOARD

8-14-9-1. Definitions. (Repealed.) [P.L. 86-1988, § 227.]

8-14-11. LOCAL BRIDGE GRANT FUND

8-14-11-1. — As used in this chapter, "board" refers to the local bridge grant board established by section 9 of this chapter. [P.L. 117-1989, § 1.]

8-14-11-2. — As used in this chapter, "construction" means the building of a local bridge to the extent that new, supplementary, or substantially improved traffic service is provided. [P.L. 117-1989, § 1.]

8-14-11-3. — As used in this chapter, "department" refers to the department of highways. [P.L. 117-1989, § 1.]

8-14-11-4. — As used in this chapter, "executive" has the meaning set forth in IC 36-1-2-5. [P.L. 117-1989, § 1.]

8-14-11-5. — As used in this chapter, "fund" refers to the local bridge grant fund established by section 8 of this chapter. [P.L. 117-1989, § 1.]

8-14-11-6. — As used in this chapter, "local bridge" means a structure that:

(1) is designed to carry vehicular traffic over or under an obstacle to the normal flow of traffic, including any grade

separation, culvert, or approach to a bridge; and

(2) is located on a public road in a county highway system that is not part of the federally aided highway system. [P.L. 117-1989, § 1.]

8-14-11-7. — As used in this chapter, "reconstruction" includes the resurfacing and rebuilding of a local bridge to the extent that significant structural improvements result. [P.L. 117-1989, § 1.]

8-14-11-8. — (a) The local bridge grant fund is established to:

(1) provide grants to counties for the construction and reconstruction of local bridges; and

(2) pay the costs of administering this chapter.

The fund shall be administered by the department.

(b) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(c) Money in the fund at the end of a fiscal year does not revert to the general fund. [P.L. 117-1989, § 1.]

8-14-11-9. — (a) The local bridge grant board is established to receive and review applications for grants under this chapter. The board consists of the following members:

(1) The director of the department, or the director's designee.

(2) Six (6) persons appointed by the governor, no more than three (3) of whom may be of the same political party, as follows:

(A) Two (2) members of a county executive.

(B) One (1) county highway engineer.

(C) One (1) mayor of a city.

(D) One (1) member of a town board of trustees.

(E) One (1) person with substantial experience or education in the design or construction of bridges.

A member appointed under clause (A), (B), (C), or (D) who ceases to hold the office described in that clause ceases to be a member of the board.

(b) The governor shall designate a member of the board to serve as chairman.

(c) Members of the board who are appointed by the governor serve for terms of four (4) years. The governor shall fill a vacancy on the board by appointing a new member to serve the remainder of the unexpired term.

(d) A member of the board, other than the director of the department, is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). Each member of the board is entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the department of administration and approved by the budget agency.

(e) Four (4) members of the board constitute a quorum.

The affirmative votes of four (4) members of the board are required for the board to take any action. [P.L. 117-89, § 1.]

8-14-11-10. — The department shall provide staff support to the board. [P.L. 117-1989, § 1.]

8-14-11-11. — The board shall establish criteria to be used in evaluating applications for grants from the fund. These criteria:

- (1) must be consistent with the purposes of the federal local bridge program (23 U.S.C. 144(n));
- (2) must be based on good engineering practices; and
- (3) must provide for an equitable distribution of grants to counties located throughout Indiana. [P.L. 117-89, § 1.]

8-14-11-12. — (a) The executive of a county may apply to the board for a grant from the fund to be used to pay up to eighty percent (80%) of the cost of construction or reconstruction of one (1) or more local bridges. At the time of the application, the county executive shall notify the state board of tax commissioners that the county has made the application.

(b) The application must include the following:

- (1) A description of the construction or reconstruction projects for which the grant application is made.
- (2) The estimated cost of the projects.
- (3) The amount of funding the county will provide for the projects, which must be at least 20 percent (20%) of the estimated cost of the projects. This amount may include the value of labor and materials to be provided by the county.
- (4) Any other information that the board or the department considers necessary. [P.L. 117-1989, § 1.]

8-14-11-13. — Within thirty (30) days after a county applies for a grant under section 12 of this chapter, the state board of tax commissioners shall submit to the department a financial report that includes the following information:

- (1) The amount of money available to the county for the construction and reconstruction of local bridges.
- (2) Any other information required by the board or the department for the processing of grant applications. [P.L. 117-1989, § 1.]

8-14-11-14. — The board shall use the criteria established under section 11 of this chapter and the report submitted under section 13 of this chapter to evaluate an application for a grant from the fund. The board shall notify a county that makes a grant application of the board's approval or disapproval of the application within sixty (60) days of the date of the application. The board's decision to approve or disapprove a grant application is final. [P.L. 117-1989, § 1.]

8-14-11-15. — The board and each county for which a grant has been approved under this chapter shall enter into an agreement specifying the purposes for which the grant may be used. The terms of the agreement must be consistent with the purposes of this chapter. [P.L. 117-1989, § 1.]

8-15-2. INDIANA TOLL ROAD COMMISSION

8-15-2-1.1. Mandatory transfer of funds. — (a) A written agreement between the authority and a city, town, or county under section 1 of this chapter, or a similar government cooperative statute, may provide for a mandatory transfer of funds by the auditor of state under this section if one (1) of the parties becomes more than sixty (60) days late in making a payment required by the agreement.

(b) To obtain a mandatory transfer of funds, the party to whom the funds were to be paid under the terms of the written agreement must certify in writing to the auditor of state:

- (1) that a written agreement between the parties authorizes the mandatory transfer of funds as provided in subsection (a);
 - (2) that the owing party was notified in writing of the amount owed;
 - (3) that the payment is more than sixty (60) days past due;
 - (4) the names of the parties; and
 - (5) the amount of the payment due.
- (c) Upon receipt of a certificate as specified in subsection (b), the auditor of state shall:
- (1) immediately notify the delinquent party of the claim; and
 - (2) if proof of payment is not furnished within thirty (30) days after the delinquent party has been notified, transfer the unpaid amount from the delinquent party's allocations from the motor vehicle highway account to the other party.

(d) Transfers shall be made under subsection (c) until the unpaid amount has been paid in full under the terms of the agreement. However, the agreement may be amended if both the department and the unit agree to amortize the transfer over a period of time not to exceed five (5) years. [P.L. 116-1989, § 2.]

8-16-3. CUMULATIVE BRIDGE FUND

8-16-3-0.5. Definitions. (Repealed.) [P.L. 113-1989, § 11.]

8-16-3-3. Tax levy — Amount — Petition for reduction — Hearing by state board of tax commissioners — Expenditures from fund. — (a) To provide for the cumulative bridge fund, county executives and municipal legislative bodies may levy a tax not to exceed thirty cents (\$0.30) on each one hundred dollars (\$100) assessed valuation of all taxable personal and real property within the county or municipality. The tax rate, after approval by the state board of tax commissioners (as provided in section 2 of this chapter), may be levied annually beginning with the first annual tax levy occurring after approval and continuing for any period not exceeding five (5) years. The tax levy shall be annually advertised. However, any county with lease rental obligations payable from the cumulative bridge fund for a bridge or bridges leased under IC 8-16-3.5 shall levy a tax under this chapter for any period not exceeding fifteen (15) years if needed to pay lease rental obligations.

(b) The county executive and the municipal legislative body, after the law has been approved, may reduce or rescind the annual levy. In addition, ten (10) or more taxpayers, in any taxing district affected by the tax, may file with the county auditor of the county in which the taxing district is located, not later than August 1 of any year, a petition for reduction or revision of the levy setting forth their objections to the levy. The petition shall be certified by the state board of tax commissioners, and the same procedures for notice and hearing shall be followed as provided in section 2 of this chapter. After the hearing, the state board of tax commissioners may reduce or rescind the levy.

(c) The tax, when collected, shall be held in a special fund to be known as the bridge fund and shall not be expended for any purpose other than the purpose for which it was levied.

(d) No expenditure shall be made from the fund except after an appropriation has been made in the manner provided by law for making other appropriations.

(e) An appropriation from the bridge fund may be made without the approval of the state board of tax commissioners if:

(1) The county executive requests the appropriation; and

(2) The appropriation is for the purpose of constructing, maintaining, or repairing bridges, approaches, or grade separations.

[Acts 1951, ch. 299, § 3; 1975, P.L. 92, § 1; P.L. 24-1986, § 33; P.L. 86-1988, § 20; P.L. 118-1989, § 1.]

8-16-3.1. MAJOR BRIDGE FUND

8-16-3.1-1. Definitions. — As used in this chapter:

"Eligible county" means any county that has:

(1) A population of not less than one hundred thousand (100,000) nor more than seven hundred thousand (700,000); and

(2) A major obstruction between commercial or population centers which is capable of causing an economic hardship because of excess travel required to conduct a normal level of commerce between the two (2) centers.

(A major obstruction which is part of a county boundary or a state boundary does not qualify for the purpose of this chapter.)

"Major bridge" means a structure that is two hundred (200) or more feet in length and that is erected over a depression or an obstruction for the purpose of carrying motor vehicular traffic or other moving loads. However, in any second class city located in a county with a population of not less than one hundred thousand [100,000] nor more than one hundred twenty-five thousand [125,000] such structure shall be one hundred (100) or more feet in length.

"Major obstruction" means a physical barrier to the passage of motor vehicle traffic which inhibits the use of the customary highway construction techniques to bridge the barrier without the use of a grade separation structure. [8-16-3.1-1, as added by Acts 1979, P.L. 96, § 1; 1982, P.L. 1,

§ 28; P.L. 86-1988, § 21.]

Compiler's Notes. According to the 1980 federal census, the only counties within the population bracket in the definition of "eligible county" are LaPorte, Vigo, Porter, Tippecanoe, Deleware, Elkhart, Madison, Vanderburgh, St. Joseph, Allen, and Lake.

According to the 1980 federal Census, Lafayette and Terre Haute are the only cities of second class in counties within the population bracket in the definition of "major bridge."

8-16-3.1-2. Purpose of chapter. (Repealed.) [P.L. 86-1988, § 227.]

8-16-3.1-3. Eligible counties. (Repealed.) [P.L. 86-1988, § 227.]

8-16-3.5. LEASING OF BRIDGES BY COUNTIES

8-16-3.5-1. Rental contracts — Restrictions — Filing petition — Amount. — (a) A county may lease a bridge and pay the lease rental from the cumulative bridge fund and levy under IC 8-16-3 [8-16-3-1--8-16-3-3].

(b) A contract of lease may not be entered into unless there is first filed with the county executive a petition for a longer lease, signed by fifty (50) or more taxpaying citizens of the county, and the county executive has, after investigation, determined that a need exists for the bridge. The total annual dollar obligation under all contracts of lease for bridges made by a county may not exceed the county's estimated annual revenue from a cumulative bridge fund levy of twenty cents [\$0.20] on each one hundred dollars [\$100] on all taxable personal and real property within the county. [IC 1971, 8-16-3.5-1, as added by Acts 1975, P.L. 92, § 2; P.L. 86-1988, § 23.]

8-16-3.5-2. Lease by two or more counties jointly. — If two (2) or more counties propose to enter into a lease contract jointly, then separate meetings of the county executives may be held, but no action taken shall be binding on any county unless approved by a majority of the county executives. Any lease contract executed by two (2) or more counties as joint lessees shall set out the amount of the aggregate lease rental to be paid by each. [IC 1971, 8-16-3.5-2, as added by Acts 1975, P.L. 92, § 2; P.L. 86-1988, & 23.]

8-16-3.5-6. Contracts to pay taxes and assessments levied on bridge — Insurance — County inspection. — A contract of lease may provide that as a part of the lease rental for a bridge the lessee shall agree to pay all taxes and assessments levied against or on account of the leased bridge, and to maintain insurance for the benefit of the lessor corporation. The county may inspect the bridge whenever the county considers it necessary. [IC 1971, 8-16-3.5-6, as added by Acts 1975, P.L. 92, § 2; P.L. 86-1988, § 29.]

8-16-3.5-9. Tax exemption. — All bridges leased by a lessor corporation contracting with a county under this chapter are exempt from all state, county and other taxes. [IC 1971, 8-16-3.5-9, as added by Acts 1975, P.L. 92, § 2; P.L. 86-1988, § 32.]

8-16-3.5-10. Supplemental law. (Repealed.) [P.L. 86-1988, § 227.]

8-16-4. BRIDGES APPROACHES BUILT WITH PROPERTY TAX MONEYS (Repealed.) [P.L. 113-1989, § 11.]

8-16-5. INTERSTATE BRIDGES

8-16-5-2. Petition Tax levy Bonds. (Repealed.) [P.L. 113-1989, § 11.]

8-16-5-3. Appropriation by county fiscal body. — After action by the county executive certified to the county fiscal body, the county fiscal body shall appropriate, out of the money raised by taxation or realized from the sale of bonds under IC 8-18-22 or obligations, one-half (1/2) of the necessary money to build and maintain the bridge [Acts 1920 (Spec. Sess.), ch. 25, § 3, p. 81; P.L. 86-1988, § 36, P.L. 113-1989, § 2.]

8-16-10. COMMISSION APPOINTED BY COUNTY COMMISSIONER TO BUILD FREE, OR TOLL, INTERSTATE BRIDGES (Repealed.) [P.L. 113-1989, § 11.]

8-17-1. COUNTY UNIT LAW

8-17-1-13. County road bonds. — (a) For the purpose of raising money to pay for the construction, reconstruction, or improvement of a highway, bridge, or tunnel, the county may issue bonds under IC 8-18-22, not to exceed the estimated costs of construction, reconstruction, or improvement and all expenses incurred and damages allowed before the letting of the contracts, and a sum sufficient to pay the per diem of the engineer and superintendent during the construction and all costs of the financing incident to the issuance of the bonds. The issue of bonds must also provide for a sufficient sum to pay for any extras or changes not contemplated in the original plans, specifications, and contract that the executive considers necessary, and that might be omitted by the engineer who drew the plans or specifications.

(b) The proceeds shall be kept as a separate and specific fund for the improvement or construction, reconstruction, or improvement of the particular road for which they were issued. The proceeds shall be paid by the treasurer to the contractor, upon warrant of the auditor, as directed by the executive. The contractor shall be paid in accordance with IC 36-1-12. If there is a surplus left from the sale of the bonds after the road is complete, the surplus shall be transferred to a fund for the construction, reconstruction, or improvement of any other highway in the county and shall not be used for any other purpose. All funds shall be kept in the public depositories of the county and the interest added to the fund. [Acts 1919, ch. 112, § 14, p. 531; 1981, P.L. 11, § 59; P.L. 86-1988, § 77; P.L. 113-1989, § 4.]

8-17-1-14. Bonds sold to highest bidder. (Repealed.) [P.L. 113-1989, § 11.]

8-17-1-30. Assessments to counties — Notice. (Repealed.) [P.L. 113-1989, § 11.]

8-17-1-31. Special tax. (Repealed.) [P.L. 113-1989, § 11.]

8-17-1-36. Bonds exempt from taxation. (Repealed.) [P.L. 113-1989, § 11.]

8-17-1-43. Taxation Assessed valuation. (Repealed.) [P.L. 113-1989, § 11.]

8-17-4.1. ACCOUNTING SYSTEM FOR LOCAL ROADS AND STREETS

8-17-4.1-1 Applicability of chapter — "Governing body" defined. — (a) This chapter applies to:

(1) All counties; and

(2) Municipalities with a population of at least twenty thousand (20,000).

(b) As used in this chapter, "governing body" means the county executive, the city executive, or the town legislative body. [IC 8-17-4.1-1, as added by Acts 1971, P.L. 103, § 1; 1981, P.L. 44, § 8; P.L. 86-1988, § 115.]

8-17-4.1-2. Requirement. — The governing body of every county and municipality shall set up and maintain an adequate system of records as prescribed by the state board of accounts, for their departments having road and street responsibilities. [8-17-4.1-2, as added by Acts 1971, P.L. 103, § 1; P.L. 86-1988, § 116.]

8-17-4.1-6. Contents of report. — (a) This report shall be prepared on forms prescribed by the state board of accounts and must disclose for the calendar year the following:

(1) The receipts of the department and the sources of the receipts.

(2) The expenditures of the department showing the purpose of each expenditure made and to account for all funds.

(3) The number of employees of the department each month and the work classifications of the employees.

(4) The proposed construction, reconstruction, and repair program following the year of the annual report.

(5) The maintenance expenses.

(b) The report must also include other information considered necessary by the state board of accounts to reflect the financial conditions and operations of the department. [IC 8-17-4.1-6, as added by Acts 1971, P.L. 103, § 1; P.L. 86-1988, § 120.]

8-17-4.1-8. Withholding funds. — (a) On March 1 following the operational report year, the state board of accounts shall prepare a certified list of counties and municipalities that have complied with this chapter.

(b) The auditor shall withhold the distribution of motor vehicle highway account funds from any county or municipality not appearing on the state board of accounts certified list until its annual operational report is certified. [IC 8-17-4.1-8, as added by Acts 1971, P.L. 103, § 1; P.L. 86-1988, § 122.]

8-17-5. COUNTY HIGHWAY ENGINEERS

8-17-5-10. Subsidy for county. — Upon receipt of the annual certification from the county auditor, the auditor of state shall distribute from the county highway engineer fund to each county units a grant-in-aid subsidy in the amount of twenty thousand dollars (\$20,000) that is to be applied toward the engineers' annual salary. If the county highway engineer is employed by two [2] counties acting jointly, the amount to be distributed to each county shall be ten thousand dollars (\$10,000). [Acts 1963, ch. 131, § 10; 1971, P.L. 104, § 2; 1980, P.L. 77, § 2; P.L. 86-1988, § 131.]

Opinions of Attorney General. A county may claim a subsidy from the state for the employment of county highway engineer under this section even when the county highway engineer also serves as the county highway supervisor as authorized by 8-17-5-12. 1977, No. 13, p. 33.

8-17-11. COUNTY LINE ROADS (Repealed.) [P.L. 113-1989, § 11.]

8-18-14. SUSPEND ALL BONDING LAWS FOR COUNTY ROADS (Repealed.) [P.L. 86-1988, § 227.]

8-18-22. COUNTY ROAD AND BRIDGE BONDING

8-18-22-1. — This chapter applies to the issuance of bonds by counties for purposes authorized by IC 8-16-3, IC 8-16-3.1, IC 8-16-5, and IC 8-17 through IC 8-20. This chapter does not apply to bonds issued under IC 8-18-21. [P.L. 113-1989, § 9.]

8-18-22-2. — As used in this chapter, "bonds" has the meaning set forth in IC 36-1-2-2. [P.L. 113-1989, § 9.]

8-18-22-3. — (a) Upon request of the county executive, the county fiscal body may borrow money and issue bonds in the name of the county in principal amounts and maturities as the fiscal body determines necessary to provide sufficient funds for the purposes specified in IC 8-16 through IC 8-20, including:

- (1) The payment of costs of the project for which bonds are authorized, cost of issuance, or related costs of financing;
- (2) The payment of interest on the bonds;
- (3) The establishment of reserves to secure the bonds; and
- (4) All other expenditures of the county incident to, necessary, and convenient to carry out this chapter.

(b) Before bonds may be issued under this chapter, the county fiscal body shall give notice of a public hearing to disclose the purpose for which the bond issue is proposed, the amount of the proposed issue, and other pertinent data. The county fiscal body shall publish in accordance with IC 5-3-1 a notice of the time, place, and general purpose of the hearing.

(c) The costs of more than one (1) project may be included in one (1) issue of bonds. [P.L. 113-1989, § 9.]

8-18-22-4. — (a) The bonds must be authorized by ordinance of the fiscal body. The ordinance must provide the following with respect to the bonds:

- (1) The original date of the bonds.
- (2) The time or times that the bonds mature. However, a bond may not mature more than thirty years from the date it is issued.
- (3) The maximum interest rate or rates, including variations of the rates.
- (4) The denominations.
- (5) The form, either coupon or registered.
- (6) The registration privileges.
- (7) The medium of payment and the place or places of payment.
- (8) The terms of redemption, including redemption before maturity.

(b) Bonds issued under this chapter must be sold under IC 5-1-11, and at a price or prices determined by the county fiscal body in the ordinance. [P.L. 113-1989, § 9.]

8-18-22-5. — An ordinance authorizing the issuance of bonds under this chapter or trust indenture under which the bonds are issued may contain the following provisions:

- (1) Pledging revenues of the county to secure the payment of bonds, subject to section 6 of this chapter and existing agreements with bondholders.
- (2) Setting aside reserves or sinking funds and the regulation and disposition of these funds.
- (3) Limitations on the purposes to which the proceeds from the sale of bonds may be applied.
- (4) Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.
- (5) The procedure, if any, by which the terms of a contract with bondholders may be amended or abrogated and the manner in which the consent to the amendment or abrogation may be given.
- (6) Vesting in a trustee property, rights, powers, and trust as the county fiscal body determines, and limiting or abrogating the right of the bondholders to appoint a trustee or to limit the rights, powers, and duties of the trustee.
- (7) Defining acts or omissions that will constitute a default and the obligations or duties of the county fiscal body to the bondholders and providing for the rights and remedies of the bondholders in the event of default. However, the rights and remedies must not be inconsistent with this chapter or other laws of this state.
- (8) A covenant that the fiscal body will not repeal or adversely modify the taxes or sources of revenue that are pledged to secure the payment of the bonds.
- (9) Any other matter that affects the security or protection of the bondholders. [P.L. 113-1989, § 9.]

8-18-22-6. — (a) Except as provided in subsection (b), the county fiscal body may pledge revenues for the payment of principal and interest on the bonds and for other purposes under the ordinance as provided by IC 5-1-14-4, including revenues from the following sources:

- (1) The motor vehicle highway account.
- (2) The local road and street account.
- (3) The county motor vehicle excise surtax.
- (4) The county wheel tax.
- (5) The county adjusted gross income tax.
- (6) The county option income tax.
- (7) The economic development tax.
- (8) Assessments.
- (9) Any other unappropriated or unencumbered money.

(b) The county fiscal body may not pledge to levy ad valorem property taxes for these purposes, except for revenues from the following:

- (1) IC 8-16-3.
- (2) IC 8-16-3.1.

(c) If the county fiscal body has pledged revenues from the county option income tax as set forth in subsection (a), the county income tax council (as defined in IC 6-3.5-6-1) may covenant that the council will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county income tax council may make the covenant by adopting an ordinance using procedures described in IC 6-3.5-6.

(d) If the county fiscal body has pledged revenues from the economic development income tax as set forth in subsection (a), the county income tax council (if the council is the body that imposed the tax) may covenant that the council will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county income tax council may make the covenant by adopting an ordinance using procedures described in IC 6-3.5-6. [P.L. 113-1989, § 9.]

8-18-22-7. — (a) The bonds may be secured by a trust indenture between the county and a bank having the power of a trust company or any trust company.

(b) The trust indenture may provide for:

- (1) protecting and enforcing the rights and remedies of the bondholders as are reasonable and proper and not in violation of law;
- (2) covenants setting forth the duties of the county fiscal body in relation to the exercise of its powers and the custody, safekeeping, and application of money related to the bond financing for which the trust indenture exists;
- (3) the payment of the proceeds of the bonds and the revenue of the trustee under the trust indenture; and
- (4) The method of disbursement of the proceeds of the bonds and the revenue to the trustee, with safeguards and restrictions as the county fiscal body may determine. [P.L. 113-1989, § 9.]

8-18-22-8. — Bonds issued by the county under this chapter must be executed by the manual or facsimile signatures of the executive and attested to by the county auditor. [P.L. 113-1989, § 9.]

8-18-22-9. — Money received from the bonds issued under this chapter shall be applied solely to the purposes for which the bonds were issued, except as provided in IC 5-1-13 and IC 5-1-14. [P.L. 113-1989, § 9.]

8-18-22-10. — The bonds are negotiable instruments, subject only to the provisions of the bonds relating to registration. [P.L. 113-1989, § 9.]

8-18-22-11. — Bonds issued under this chapter are exempt from taxation in Indiana under IC 6-8-5. [P.L. 113-1989, § 9.]

8-18-22-12. — Bonds issued by the county under this chapter are exempt from registration and other requirements of IC 23 and any other securities registration laws. [P.L. 113-1989, § 9.]

8-18-22-13. — The general assembly pledges to and covenants with the owner of any bonds issued under this chapter that the general assembly will not limit or alter the ability of the county to fulfill the terms of the agreements or pledges made with bondholders or in any way impair the rights or remedies of the bondholders until the bonds and related obligations are fully met and discharged. [P.L. 113-1989, § 9.]

8-18-22-14. — IC 6-1.1-20 does not apply to the issuance of bonds under this chapter. [P.L. 113-1989, § 9.]

8-20-1. LOCATION OR RELOCATION OF COUNTY ROADS

8-20-1-66. Issuance of county bonds — Serial maturities and payments — Sale. (Repealed.) [P.L. 113-1989, § 11.]

36-9-16. CUMULATIVE BUILDING FUND AND CUMULATIVE CAPITAL IMPROVEMENT FUND FOR MUNICIPALITY

36-9-16-1. Application of chapter. — This chapter applies to all units except townships. [IC 36-9-16-1, as added by Acts 1981, P.L. 309, § 89; P.L. 199-1988, § 4.]

36-9-16-3. Additional permitted purposes for cumulative capital improvement funds. — A unit may establish cumulative capital improvement funds to provide money for one (1) or more of the following purposes:

- (1) To acquire land or rights-of-way to be used for public ways or sidewalks.
- (2) To construct and maintain public ways or sidewalks.
- (3) To acquire land or rights-of-way for the construction of sanitary or storm sewers, or both.
- (4) To construct and maintain sanitary or storm sewers, or both.
- (5) To acquire, by purchase or lease, or to pay all or part of the purchase price of a utility.

(6) To purchase or lease land, buildings, or rights-of-way for the use of any utility that is acquired or operated by the unit.

(7) To purchase or acquire land, with or without buildings, for park or recreation purposes.

(8) To purchase, lease, or pay all or part of the purchase price of motor vehicles for the use of the police or fire department, or both, including ambulances and firefighting vehicles with the necessary equipment, ladders, and hoses.

(9) To retire in whole or in part any general obligation bonds of the unit that were issued for the purpose of acquiring or constructing improvements or properties that would qualify for the use of cumulative capital improvement funds.

(10) To purchase or lease equipment and other non-consumable personal property needed by the unit for any public transportation use.

(11) In a county or consolidated city, to purchase or lease equipment to be used to illuminate a public way or sidewalk. [IC 36-9-16-3, as added by Acts 1981, P.L. 309, § 89; P.L. 82-1985, § 7; P.L. 199-1988, § 6.]

Opinions of Attorney General. Following the rule that words and phrases are to be taken in the plain, ordinary, and usual sense, only one "cumulative capital improvement fund" was intended for each city, and the fact that the word "funds" appears in the plural form is only correct grammatical syntax. 1970, No. 1, p. 1.

Amendments. The 1988 amendment substituted "unit" for "municipality" throughout the section; substituted "may establish" for "may also establish" in the introductory paragraph; and inserted "county or a" in subdivision (11).

36-9-19. BARRETT LAW FUNDING FOR MUNICIPALITY

36-9-19-14. Disposal of land acquired — Appraisal — Use of sale proceeds. — (a) If a municipality acquires an undivided interest in any real property, by foreclosure of a special assessment or by a voluntary conveyance under section 13(a) [36-9-19-13(a)] of this chapter, it may dispose of its interest in the manner prescribed by this section.

(b) The municipality must have its interest in the property appraised by two (2) disinterested appraisers residing in the municipality. After appraisal, the city executive or town legislative body may sell the property interest for not less than its full appraised value, after giving notice of the proposed sale by publication in accordance with IC 5-3-1.

(c) This subsection applies if the municipality sells the property by acceptance of bids. A bid submitted by a trust (as defined in IC 30-4-1-1(a)) must identify each:

(1) beneficiary of the trust; and

(2) settlor empowered to revoke or modify the trust.

(d) A conveyance under this section must be executed by the municipal executive and attested by the municipal clerk.

(e) The municipality shall return all money received from sales under this section to the fund for the use and benefit of which the property interest is held. Any money in excess of the sum necessary to provide full compensation to the fund for the obligations of the person liable for the assessment shall be returned to that person. [IC 36-9-19-14, as added by acts 1981, P.L. 309, § 92; 1981, P.L. 45, § 54; P.L. 336-1989, § 54.]



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